

EXHIBIT 45

1

2 IN THE UNITED STATES BANKRUPTCY COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 -----)
5 In re)
6 LEHMAN BROTHERS) Chapter 11
7 HOLDINGS INC., et al.,) Case No.
8)
9 Debtors.) (Jointly Administered)
10)
11 -----)

12
13 VIDEO DEPOSITION UPON ORAL EXAMINATION
14 of

15 SIR GEORGE IACOBESCU

16
17 On Tuesday, 18th June 2013

18
19 Taken at the offices of:
20 Weil Gotshal & Manges LLP,
21 110 Fetter Lane,
22 London EC4A 1AY,
23 England

24
25 Reported by: Richard Harper

<p style="text-align: center;">6</p> <p>1 SIR GEORGE IACOBESCU 2 A. I gave depositions in one or two 3 cases, but not of this nature. 4 Q. All right. Are you familiar with 5 US deposition procedure? 6 A. No. 7 Q. Okay. Have you ever given a 8 deposition in the United States? 9 A. No. 10 Q. I am obviously here asking you 11 questions. We have a court reporter. I should 12 make every effort to speak one at a time, so that 13 the court reporter is able to make a clear record. 14 A. Thank you. 15 Q. I am entitled to your best 16 recollection. If at any time you need a break, 17 just say so and, of course, we'll take one, 18 probably about once and hour or so. 19 You may consult with your counsel 20 on matters of privilege and that's the only time 21 you may consult while a question is pending. 22 Other than that, I am entitled to your answer. If 23 there is something about a question you don't 24 understand or wish me to clarify it, let me know 25 and I may do so. Do you understand that you are</p>	<p style="text-align: center;">8</p> <p>1 SIR GEORGE IACOBESCU 2 the negotiation of that lease? 3 A. I had -- I had involvement on that 4 from the day the deal started with Lehman and -- 5 but I was not involved in the daily negotiation of 6 the lease, but it followed the agreement for 7 lease. 8 Q. Can you put a time frame on that, 9 on when your involvement first started? 10 A. In 2000. 11 Q. Okay. Were you -- and topic 2 is 12 Schedule 4 to the lease including all 13 communications and negotiations. Do you know what 14 Schedule 4 to the lease is? 15 A. Yes, I do. 16 Q. And what is it? 17 A. It is the indemnity that we 18 received from LBHI. 19 Q. The guarantee? 20 A. Yes -- no, the indemnity. 21 Q. What is the difference between a 22 guarantee and an indemnity? 23 A. I'm not -- I'm not legal and I do 24 not want to pretend to have total legal 25 understanding. The guarantee -- the indemnity for</p>
<p style="text-align: center;">7</p> <p>1 SIR GEORGE IACOBESCU 2 testifying here not only in your individual 3 capacity but as a representative of the claimants? 4 A. Yes. 5 Q. Okay and do you know the topics for 6 which you have been designated? 7 A. Yes. 8 Q. Okay. Let's get exhibit 1. That's 9 already been marked. We already had one 10 deposition, so we are going to be using a couple 11 of the same exhibits, again. 12 THE COURT REPORTER: Does that need 13 to be marked for him? 14 Mr. ISAKOFF: No, this one's 15 already been marked. 16 THE COURT REPORTER: Okay. 17 BY MR. ISAKOFF: 18 Q. And if you'll turn to the third 19 page, Schedule A, this is for the record, exhibit 20 1 is the notice of deposition of Canary Wharf, 21 lists a number of topics in Schedule A and you are 22 designated for the first two. 23 The first one is the lease dated 24 March 16th 2005, among Canary Wharf, LBHI, LBL and 25 others. What, if any, involvement did you have in</p>	<p style="text-align: center;">9</p> <p>1 SIR GEORGE IACOBESCU 2 us was a primary obligation; that the lease and 3 the rents will follow uninterrupted for whatever 4 reason and the guarantee was a secondary -- it's a 5 secondary instrument that backs up the covenant of 6 the tenant. 7 Q. What, if any, involvement did you 8 have in the negotiation of Schedule 4? 9 A. It's generally -- It generally 10 followed my and my colleagues' instructions. 11 Q. Okay. What, if anything, have you 12 done to prepare for your testimony today? 13 A. I went practically through a bunch 14 of documents, abbreviated not -- I could not read 15 all the documentation. There are probably several 16 tomes of files, but I -- in the time I had, I just 17 went quickly through the documents available and 18 I met with our counsel yesterday to -- just to go 19 through the headings. 20 Q. Okay. How long did you spend with 21 the documents? 22 A. Probably a day, adding -- adding up 23 all the hours, probably a full day. 24 Q. Okay. How long did you spend with 25 counsel?</p>

<p style="text-align: center;">10</p> <p>1 SIR GEORGE IACOBESCU 2 A. Probably -- that's probably the 3 same day. I would say probably eight or nine 4 hours. 5 Q. So that's two days in total? 6 A. No, it is a combination of time. 7 Q. I understand. When you say you 8 went through documents for a day and met with 9 counsel for the day, is that the same single day? 10 A. No, no. No, I'm -- I went through 11 the documents on Saturday and I met with the 12 counsel on Sunday. 13 Q. Which counsel did you meet with? 14 A. With the two gentlemen that are 15 present here, with David Tulchin and 16 Marc De Leeuw. 17 Q. What, if anything, did you do 18 specifically to prepare yourself with respect to 19 topics 1 and 2, on page 3, of exhibit 1? 20 A. Specifically, not. I just went 21 through the whole pile of documentation that we 22 had on the whole process. 23 Q. Did you seek to question anybody 24 who was involved in the negotiations of the lease 25 or the guarantee?</p>	<p style="text-align: center;">12</p> <p>1 SIR GEORGE IACOBESCU 2 MR. ISAKOFF: By the "guarantee", 3 I am referring to Schedule 4 to the lease. 4 MR. TULCHIN: Which he has referred 5 to as an indemnity, so I object to the form. 6 MR. ISAKOFF: Yeah, I would 7 appreciate it, Mr. Tulchin, from the outset, if 8 you would confine yourself to objection to form 9 and not coach the witness with respect to any 10 substance, no speaking objections, please. 11 MR. TULCHIN: Sir, I did object to 12 form and there is no coaching; there wasn't and 13 won't be. 14 MR. ISAKOFF: Thank you. 15 A. I think my involvement was to see 16 at the end of the contract when the lease was 17 drawn, to see that it confirms to our 18 instructions. 19 BY MR. ISAKOFF: 20 Q. Okay. Do you know whether there 21 were any substantive negotiations over the terms 22 of the guarantee? 23 MR. TULCHIN: Same objection. 24 A. I do not know exactly what took 25 place between the lawyers but my assumption is</p>
<p style="text-align: center;">11</p> <p>1 SIR GEORGE IACOBESCU 2 A. No. As a matter of fact, I was 3 recommended by counsel to use my own memory and 4 not try to guess from others. 5 Q. Okay. 6 MR. TULCHIN: Mr. Iacobescu, 7 please, do not reveal communications that you had 8 with counsel. 9 A. Okay. 10 MR. TULCHIN: Don't reveal the 11 substance of any of them. 12 BY MR. ISAKOFF: 13 Q. What, if anything, did you do to 14 determine what specific communications and 15 negotiations there were, with respect to the 16 guarantee, in which you were not personally 17 involved? 18 A. Could you repeat the question, 19 please. 20 Q. What, if anything, did you do to 21 determine what specific communications and 22 negotiations there were, with respect to the 23 guarantee, in which you were not personally 24 involved? 25 MR. TULCHIN: Objection.</p>	<p style="text-align: center;">13</p> <p>1 SIR GEORGE IACOBESCU 2 that all our instructions and the people on my 3 side that participated followed the instructions 4 that were given. 5 BY MR. ISAKOFF: 6 Q. Oh. Were there any -- was there a 7 series of drafts that led to the final form of the 8 guarantee as ultimately executed, or was it simply 9 accepted as presented? 10 MR. TULCHIN: Same objection. 11 A. I do not know. 12 BY MR. ISAKOFF: 13 Q. Do you know whether there was any 14 discussion between the negotiators of whether it 15 was an indemnity or a guarantee? 16 A. No, I don't know. 17 Q. Let's, um -- have you had any 18 conversations concerning Canary Wharf's claims 19 against Lehman Brothers Holdings Inc. with anybody 20 other than counsel? 21 MR. TULCHIN: Ever? 22 MR. ISAKOFF: Yes. 23 A. We had discussions internally 24 inside Canary Wharf. 25 BY MR. ISAKOFF:</p>

<p style="text-align: center;">18</p> <p>1 SIR GEORGE IACOBESCU 2 BY MR. ISAKOFF: 3 Q. Okay. What has been your 4 involvement with Canary Wharf between 1988 and 5 today? 6 A. I was originally in charge with the 7 construction and the construction budget. The 8 company went in administration in 1991 and from 9 1992 to 1995, I was one of the three board 10 members. In 1995, when the company was reacquired 11 by Paul Reichmann with a group of investors from 12 New York and Prince Alwaleed, I became deputy 13 chief executive and, since 1997, I am chief 14 executive and, as of last year, I took also the 15 role of chairman. 16 Q. Are you aware -- first of all, the 17 -- Well, let's just look at it. 18 (Exhibit was marked for identification) 19 Mr. Iacobescu, I am showing you what's been 20 previously marked as exhibit 3, which is the 21 Schedule 4 to the lease between Canary Wharf and 22 LBL. It is the document I have been calling the 23 guarantee that your counsel insists that it is an 24 indemnity. Have you ever seen this document 25 before?</p>	<p style="text-align: center;">20</p> <p>1 SIR GEORGE IACOBESCU 2 just for future reference, as long as we are at 3 the beginning here, it is Mr. Isakoff. 4 MR. TULCHIN: I am sorry. I beg 5 your pardon. 6 MR. ISAKOFF: Not a problem. Pure 7 guess work on anybody's part how to pronounce it. 8 BY MR. ISAKOFF: 9 Q. To your knowledge, has Canary Wharf 10 ever made a claim on a document like exhibit 3, 11 with respect to any of its other tenancies? 12 A. I am hesitating, because the 13 general answer would be no, but it is possible 14 that about 12 years or 13 years ago, we had a 15 small tenant that went bankrupt and we might have 16 had a claim, but to the general question the 17 answer is no. 18 Q. Do you know as between Canary Wharf 19 on one hand and LBHI, which is Lehman Brothers 20 holdings Inc. on the other, who drafted what has 21 become exhibit 3? 22 A. We think it has been drafted back 23 and forth between Clifford Chance and Lehman's 24 lawyers and it's -- I know for sure that it's 25 every time there was a draft, it went to New York</p>
<p style="text-align: center;">19</p> <p>1 SIR GEORGE IACOBESCU 2 A. Yes. 3 Q. And is this document substantially 4 similar to other guarantees or indemnities, as you 5 refer to it, in Canary Wharf leases? 6 A. By and large, yes. We always ask 7 the top company to be the surety of the tenant. 8 Q. Okay. Are you aware of any 9 substantive differences between exhibit 3 and 10 other such documents in -- relating to Canary 11 Wharf leases? 12 A. I cannot say without reading them 13 side by side. 14 Q. Okay. 15 A. But, I -- sorry. 16 Q. I am just asking whether you are 17 aware of any material difference? 18 A. No. 19 MR. TULCHIN: Wait until he 20 finishes the question, please. As Mr. Isakoff 21 said at the beginning, if there is, you know, sort 22 of back and forth while the question is going, the 23 court reporter won't get it all. 24 A. Okay. 25 MR. ISAKOFF: And, Mr. Tulchin,</p>	<p style="text-align: center;">21</p> <p>1 SIR GEORGE IACOBESCU 2 to LBHI's approval. 3 Q. Do you know whether there was more 4 than one draft? 5 A. No. 6 Q. Do you know who did the first 7 draft? 8 A. Simply no. 9 THE COURT REPORTER: I'm sorry? 10 A. No. 11 BY MR. ISAKOFF: 12 Q. Is it fair to say that this is a 13 Canary Wharf form, since it is similar to other 14 such documents in Canary Wharf leases? 15 A. Yes. 16 MR. TULCHIN: Wait until he 17 finishes the question, please. 18 BY MR. ISAKOFF: 19 Q. Is it fair to infer that Canary 20 Wharf and its counsel did the first draft of this 21 document for that reason? 22 A. Yes. 23 Q. Do you know whether there were any 24 substantive changes that were even sought by LBHI 25 with respect to that first draft?</p>

<p style="text-align: center;">22</p> <p>1 SIR GEORGE IACOBESCU 2 A. Not to my knowledge. 3 Q. If you will turn, please, to the 4 page of this document which is Bates stamped 5 CW0011480, I am referring to the printed number at 6 the bottom right; are you with me? 7 A. Yes. 8 Q. It starts with paragraph 7? 9 A. Yes. 10 Q. 7(a) speaks of certain events. 11 Have you -- do you know whether Canary Wharf has 12 ever previously been involved in a forfeiture of a 13 lease? 14 A. No. 15 Q. Is that that you don't know, or 16 that there has been none? 17 A. It has been none. 18 Q. Okay, this was the first one, the 19 one on December 3, 2010? 20 A. Yes. 21 MR. TULCHIN: Wait until he 22 finishes the question, please. 23 BY MR. ISAKOFF: 24 Q. And when I say December 3, 2010, 25 that was the letter agreement between Canary Wharf</p>	<p style="text-align: center;">24</p> <p>1 SIR GEORGE IACOBESCU 2 A. To Bear Stearns, where JP Morgan 3 paid full price to the end of the lease, rent 4 rates and service charge. 5 BY MR. ISAKOFF: 6 Q. So I take it in that circumstance 7 there was no claim on the guarantee? 8 A. Absolutely right. 9 Q. Okay. Were there any other 10 circumstances of involving a lease surrender? 11 A. I do not know exactly. 12 Q. If you will look at the portion of 13 paragraph 7(a) that begins with the word "THEN" in 14 all caps, it says: "Then the Surety shall if the 15 Landlord by notice in writing given to the Surety 16 within 180 days after such disclaimer or other 17 event so requires except from and execute and 18 deliver to the landlord a counterpart of a new 19 lease." Do you see that? 20 A. Yes. 21 Q. To your knowledge, has Canary Wharf 22 ever given such a notice in writing within 180 23 days after the events referred to in paragraph 24 7(a)? 25 A. We were very much aware of that</p>
<p style="text-align: center;">23</p> <p>1 SIR GEORGE IACOBESCU 2 and LBL calling for forfeiture on December 10, 3 2010, correct? 4 A. Correct, in principle. I do not 5 know if the date was December 10. 6 Q. All right, well, we'll have a 7 chance to look. Has Canary Wharf been involved in 8 a situation where there was a lease surrender by 9 the tenant? 10 A. Yes. 11 Q. On how many occasions? 12 A. Probably one or two small 13 tenancies. 14 Q. When? 15 A. Actually, probably -- I don't 16 recall exactly the dates. 17 Q. Do you recall whether it was one or 18 two? 19 A. Yes, probably it was one or two. 20 Q. Do you recall which of those it 21 was? 22 A. We had a surrender from JP Morgan 23 on two floors that belonged to Bear Stearns. 24 THE COURT REPORTER: Sorry, it 25 belonged to?</p>	<p style="text-align: center;">25</p> <p>1 SIR GEORGE IACOBESCU 2 clause and we have done the operational equivalent 3 of that by asking our lawyers to ask LBHI's 4 lawyers to confirm or not. That has been done 5 prior and post the forfeiture and there is 6 correspondence relating to that. 7 Q. Let me ask the question, again. To 8 your knowledge, has Canary Wharf ever served a 9 notice in writing to the surety within 180 days 10 after such disclaimer or other event to require to 11 accept a new lease? 12 MR. TULCHIN: Objection. It has 13 been asked and answered. You can go ahead. 14 A. I am going to have to repeat the 15 same thing. We knew we were very much aware of 16 the clause. We could -- we did not see the 17 purpose of sending that kind of notice to a 18 company that was in Chapter 11 but we have made 19 every effort via our lawyers, both Clifford Chance 20 and Sullivan & Cromwell to offer the lease and it 21 has been rejected. 22 Q. Did you serve a notice after the 23 forfeiture? 24 BY MR. ISAKOFF: 25 Q. Did you receive a notice after the</p>

<p style="text-align: center;">34</p> <p>1 SIR GEORGE IACOBESCU 2 sure that if they are to buy the building, they 3 would not be in competition with LBHI and if LBHI 4 were to take the building, that their agreement 5 would be null and void.</p> <p>6 Q. My question, sir, was whether there 7 had been any discussion or communication between 8 anybody on behalf of JP Morgan, on one hand, and 9 Canary Wharf, on the other, of serving a notice 10 under section 7(a) of exhibit 3 at the time of the 11 discussions between Clifford Chance, Sullivan and 12 Cromwell and Weil Gotshal to which you've 13 referred?</p> <p>14 A. Yes. JP Morgan were anxious that 15 that notice not be served ----</p> <p>16 Q. And that was ----</p> <p>17 A. -- in order so we can agree the 18 deal if there is a deal there.</p> <p>19 Q. Okay. So at the time when you were 20 asking Weil Gotshal whether -- strike that. Is it 21 not a fact that as of December 10, 2010, when the 22 forfeiture took effect, JP Morgan had told Canary 23 Wharf not to serve the notice under section 7(a) 24 of exhibit 3?</p> <p>25 A. I don't want to exaggerate the pull</p>	<p style="text-align: center;">36</p> <p>1 SIR GEORGE IACOBESCU 2 Q. So is it fair to say that Canary 3 Wharf, acting in its own interest, following the 4 forfeiture on December 10, 2010 -- if you want 5 I can show you the dates, so we can go again, so 6 you can understand the question -- why don't we do 7 that? I will withdraw that question. Let's look 8 at the forfeiture letter of December.</p> <p>9 Mr. Iacobescu, I am showing you 10 what has been previously marked as exhibit 20. It 11 is an e-mail attaching what I have been referring 12 to as the forfeiture letter dated December 3, 13 2010. And if you need to go ahead but does this 14 refresh your recollection that the forfeiture took 15 effect on December 10, 2010? Look at the bottom 16 of page 1 of the forfeiture letter.</p> <p>17 A. Is it December 10th, because I see 18 December 3rd on it, sir?</p> <p>19 Q. Yeah, if you look at the bottom of 20 the first page it says, "Further that we shall 21 exercise that right", referring to forfeiture 22 -- "before 11:59[pm] on 10 December 2010." Do you 23 see that?</p> <p>24 A. Sorry, I'm not seeing it.</p> <p>25 Q. If you look at page Bate stamped</p>
<p style="text-align: center;">35</p> <p>1 SIR GEORGE IACOBESCU 2 or the power of JP Morgan in that transaction. We 3 were guided by our self-interest. There was no 4 signed deal. There was no obligation with JP 5 Morgan either on their side or on our side; so we 6 followed what was good for the company. I repeat 7 again, if LBHI, there is absolutely no rhyme nor 8 reason in anybody, I should be fired if I would 9 give away a £1 billion deal for the sake of a JP 10 Morgan sale, and everybody that works for me. We 11 are not taking from JP Morgan. It was one of the 12 deals in waiting. They could have walked. We 13 didn't know that there was a deal with JP 14 Morgan until December 19th. We didn't know they 15 were going to follow. We had an aborted deal with 16 building two buildings with them in Canary Wharf. 17 So they could change. They had several 18 alternatives on what to do. And there was nothing 19 that would -- I think it was very clear, they said 20 from day 1, "It is not binding we can change our 21 mind" and so did we. If we had an opportunity to 22 get an LBHI lease, that would be our Number 1 23 value, because the duty was to the securitization. 24 As you probably know, the building was in the 25 securitization.</p>	<p style="text-align: center;">37</p> <p>1 SIR GEORGE IACOBESCU 2 CW0010443. This is the letter that's dated 3 December 3. At the bottom of the first page, 4 there is a reference to when the right will be 5 exercised to forfeit the lease. Do you see that?</p> <p>6 A. Yes.</p> <p>7 Q. Does this refresh your recollection 8 that forfeiture took place on December 10, 2010?</p> <p>9 A. Yes, it refreshes my memory that it 10 was signed on 3rd December and yes, that is 11 correct. That is what it says.</p> <p>12 Q. So having in mind that you did not 13 yet have a signed deal with JP Morgan on December 14 10, 2010, is it, in fact, the case that it would 15 have been against Canary Wharf's interest to serve 16 LBHI under paragraph 7(a) of what we have been 17 referring to as exhibit 3, because it might have 18 interfered with the pending deal with JP Morgan?</p> <p>19 A. No, I do not think so.</p> <p>20 Q. Would it have interfered with the 21 deal with JP Morgan if you'd served the notice 22 under 7(a)?</p> <p>23 A. If we knew that there is interest 24 from LBHI, we would have served the notice. If 25 the response from -- on our questions from LBHI</p>

<p style="text-align: center;">38</p> <p>1 SIR GEORGE IACOBESCU 2 was a positive response, we would have served the 3 notice, I assure you. 4 Q. Okay. Is it not, in fact, the case 5 that JP Morgan didn't want you to serve the 6 notice? 7 A. That's correct. 8 Q. And they even went so far as to 9 include that in the final deal, correct? 10 A. Correct. 11 Q. And so isn't it a fact that on 12 December 10, 2010, you had very much in mind that 13 if you had served the notice, it would have fouled 14 the deal with JP Morgan Chase? 15 MR. TULCHIN: Asked and answered. 16 Go ahead if you can. 17 A. I think I did. I'm sorry. I think 18 the answer is very clear. If LBHI wanted to take 19 the lease, we would have accepted that gladly and 20 if not, the normal logic is that a company in 21 Chapter 11 would not be able to take a lease worth 22 3 billion or more than 3 billion, close to £4 23 billion in its length and that was strengthened by 24 the fact that Sullivan and Cromwell disclosed the 25 terms of the potential deal with JP Morgan. It's</p>	<p style="text-align: center;">40</p> <p>1 SIR GEORGE IACOBESCU 2 opportunity in March 2010 when LBL stopped paying 3 the rent to step in and we would have welcomed 4 that. 5 Q. My question to you is a little bit 6 different. LBL was the tenant, correct? 7 A. Correct. 8 Q. At the point where you forfeited 9 the lease, LBL ceased being the tenant, correct? 10 A. Correct. 11 Q. Did LBHI have the right to say that 12 it was the tenant over Canary Wharf's objection? 13 A. That opportunity was open to them. 14 It was open to them. We asked the question and 15 they did refuse it. 16 Q. You are changing my question? 17 A. No, I am not changing your 18 question. 19 Q. Let me ask the question again, 20 because then you didn't understand it. My 21 question is whether LBHI had a right over Canary 22 Wharf's objection to be the new tenant once LBL 23 ceased being the tenant? 24 MR. TULCHIN: Question has been 25 asked and answered.</p>
<p style="text-align: center;">39</p> <p>1 SIR GEORGE IACOBESCU 2 probably the delta between the value of the 3 building at the time, which was over 1 billion 4 sold on the market versus a sale of 450 or 470 5 that we assumed, or in my understanding, LBHI made 6 the right judgment in saying, "We're not going to 7 take an over-rented or over-valued building at 8 this point, when we know that the market would not 9 be more than half the value of it." It would have 10 been suicidal. So, I think we followed the proper 11 procedure, but clearly in everybody's mind is that 12 we are dealing with a company in Chapter 11 and 13 would they do it? The answer as expected was no. 14 BY MR. ISAKOFF: 15 Q. So if the answer was no, why was it 16 that JP Morgan Chase, in the final deal, precluded 17 you from serving the notice? 18 A. I think it was purely their -- I am 19 saying it with all due respect -- their paranoia 20 not to have a deal that could be contested by 21 somebody else. They just wanted to have surety of 22 what they were getting. 23 Q. Did LBHI, as surety, have a right 24 to take over LBL's position on its own? 25 A. I think they had plenty of</p>	<p style="text-align: center;">41</p> <p>1 SIR GEORGE IACOBESCU 2 A. Canary Wharf has not objected. We 3 did not object in any form or shape. We just took 4 -- we just took for granted what we were told by 5 the lawyers, which we assumed worked under the 6 instructions from LBHI. 7 BY MR. ISAKOFF: 8 Q. I don't believe you've understood 9 my question, so let me try one more time. 10 A. Then I apologise. 11 Q. That's fine. That's fine. My 12 question to you is whether LBHI had the unilateral 13 right to become the new tenant even if Canary 14 Wharf did not want it to after LBL ceased being 15 the tenant? 16 MR. TULCHIN: Object to the form. 17 If you are asking him for a legal opinion as 18 opposed to his understanding. 19 A. Yes, unfortunately, without 20 coaching, it's not a legal opinion I can give. 21 THE COURT REPORTER: It's not, 22 sorry? 23 A. It's not a legal opinion, but if 24 you could help me, I would appreciate if you say 25 so.</p>

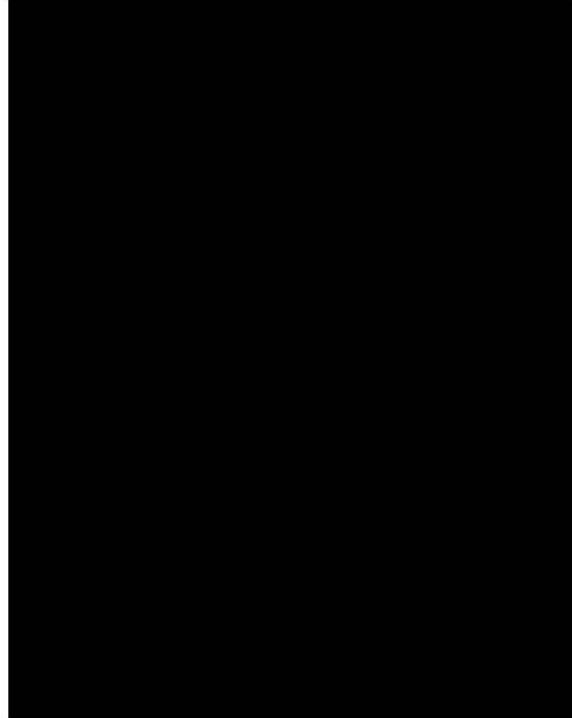
<p style="text-align: center;">42</p> <p>1 SIR GEORGE IACOBESCU 2 BY MR. ISAKOFF: 3 Q. All right. Well, let's look if you 4 have exhibit 3 in front of you, which is Schedule 5 4 to the lease. 6 A. Yes. 7 Q. Okay, and you've got to the right 8 page. If you look at paragraph 7(a), which speaks 9 of what happens if there is a surrender or a 10 forfeiture, do you see that? 11 A. Yes. 12 Q. It says: "THEN the Surety shall if 13 the Landlord by notice in writing" -- etc. Does 14 not that suggest to you that LBHI did not have the 15 unilateral right to take over the tenancy -- as a 16 layman? 17 A. Well, you have to make assumptions 18 that people think with two halves of their brains, 19 because we did ask the question and the answer was 20 no. So how could I even infer that somebody would 21 want, with the other side of the brain, want to 22 take the lease, and they were free to say so. 23 Q. My question is different. My 24 question is whether they had a right to do it if 25 they wanted it and Canary Wharf did not want it.</p>	<p style="text-align: center;">44</p> <p>1 SIR GEORGE IACOBESCU 2 Clifford Chance, there were discussions with 3 Sullivan and Cromwell and the decision was offer, 4 go and ask, discuss if that is an acceptable way 5 to do it. 6 BY MR. ISAKOFF: 7 Q. Do you know whether there were any 8 discussions with any representatives of LBHI 9 concerning a formal notice under section 7(a) of 10 Schedule 4 of the lease? 11 MR. TULCHIN: Same objection. You 12 can answer. 13 A. I was not in the discussions 14 between Clifford Chance and Sullivan and Cromwell 15 and Weil Gotshal, so I cannot speak about the 16 discussions that took place there. 17 BY MR. ISAKOFF: 18 Q. So, is it fair to say, you just 19 don't know? 20 A. I don't know. 21 Q. Do you know whether a notice, a 22 formal notice under section 7(a) of Schedule 4 of 23 the lease was ever drafted? 24 MR. TULCHIN: Same objection. You 25 can answer, Mr. Iacobescu.</p>
<p style="text-align: center;">43</p> <p>1 SIR GEORGE IACOBESCU 2 I am not ---- 3 MR. TULCHIN: This is your 4 argument. Go ahead if you can, Mr. Iacobescu. 5 A. I can't answer that. I'm sorry, 6 I can't answer that. 7 MR. ISAKOFF: Why don't we take our 8 first break. 9 (Off the record at 10.21) 10 (Back on the record at 10.31) 11 BY MR. ISAKOFF: 12 Q. Mr. Iacobescu, were there any 13 discussions of which you were aware concerning 14 whether or not to formally comply with section 15 7(a) of the Schedule 4 of the lease and send the 16 notice of reference, therein, following the 17 forfeiture of the lease? 18 MR. TULCHIN: Objection to the form 19 and counsel's recharacterisation of the witness's 20 prior answer. 21 BY MR. ISAKOFF: 22 Q. You may answer the question. 23 MR. TULCHIN: You can answer, 24 Mr. Iacobescu. 25 A. Yes, there were discussions with</p>	<p style="text-align: center;">45</p> <p>1 SIR GEORGE IACOBESCU 2 A. I don't know. 3 BY MR. ISAKOFF: 4 Q. You never saw one? 5 A. I don't know -- no, I never saw it. 6 Q. Were you aware of any discussions 7 concerning the potential requirements of section 8 365 of the United States Bankruptcy Code, the 9 automatic stay, as it pertains to a notice of this 10 sort that section 7(a) describes? 11 A. No. 12 Q. To your understanding as a layman, 13 did LBHI have any right to prevent you, Canary 14 Wharf, from re-letting or selling the premises to 15 JP Morgan Chase once LBL was no longer the tenant? 16 A. I do believe that they acquiesced 17 to a sale to JP Morgan and it was not disclosed, 18 because we were bound by confidentiality, but they 19 had acquiesced to that transaction by refusing to 20 take the lease. 21 Q. My question to you is a little bit 22 different, which is was there anything that LBHI 23 -- did LBHI have any right to prevent you from 24 re-letting or selling the premises to JP Morgan 25 Chase?</p>

<p style="text-align: center;">46</p> <p>1 SIR GEORGE IACOBESCU 2 MR. TULCHIN: Objection to the form 3 to the extent that it calls for this witness to 4 give a legal opinion.</p> <p>5 A. I think I gave my answer.</p> <p>6 BY MR. ISAKOFF:</p> <p>7 Q. Your answer was that you believe 8 that LBHI had acquiesced and that was not my 9 question, whether they had acquiesced. My 10 question was whether LBHI had a right to prevent 11 Canary Wharf from re-letting or selling the 12 premises to somebody else once LBL was no longer 13 the tenant; whether LBHI had the right to prevent 14 Canary Wharf if it wanted?</p> <p>15 MR. TULCHIN: I object on two 16 grounds. One, it has been asked and answered and 17 two, it calls for this witness to give a legal 18 opinion, which is improper. If you can answer, 19 Mr. Iacobescu, go ahead.</p> <p>20 A. My only answer is that it was up to 21 LBHI to know their rights.</p> <p>22 BY MR. ISAKOFF:</p> <p>23 Q. Are you aware that any motion was 24 prepared for use in the United States seeking 25 relief from the automatic stay, or some form of</p>	<p style="text-align: center;">48</p> <p>1 SIR GEORGE IACOBESCU 2 honoured.</p>
<p style="text-align: center;">47</p> <p>1 SIR GEORGE IACOBESCU 2 relief asking LBHI to assume or reject anything 3 relating to the LBL lease?</p> <p>4 A. No.</p> <p>5 Q. When, for the first time, did 6 Canary Wharf begin having any discussions, at any 7 time, with JP Morgan Chase concerning either 8 release or a sale of the building, and the 9 building I am referring to is the one that had LBL 10 in it?</p> <p>11 A. It was probably in, I think, March 12 or April 2010. I have seen Frank Bisignano, who 13 was the chief operating officer of Lehman -- of 14 Lehman, my apologies -- of JP Morgan, and we were 15 discussing several alternatives. JP Morgan had 16 one alternative -- we discussed all the 17 alternatives. One alternative was for JP Morgan 18 to continue the work on the river side at Canary 19 Wharf -- have you been to Canary Wharf?</p> <p>20 Q. I have not.</p> <p>21 A. Can we offer you a free trip?</p> <p>22 Q. Yes, can I bring my wife?</p> <p>23 A. And grandson and children, because 24 we will show you. Okay, you are more than welcome 25 also if we could give you a tour there, we would</p>	<p style="text-align: center;">49</p> <p>1 SIR GEORGE IACOBESCU</p>

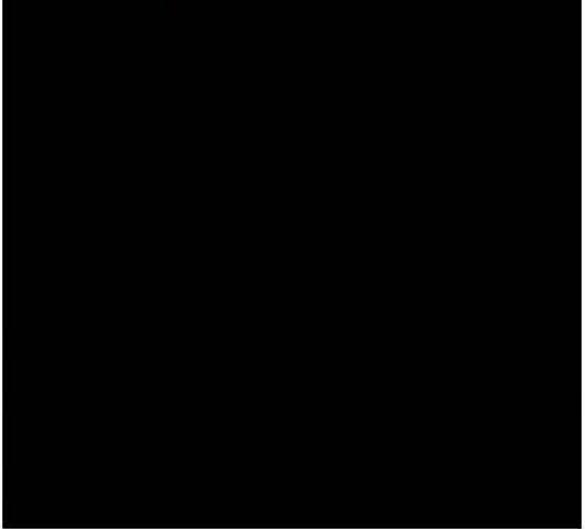
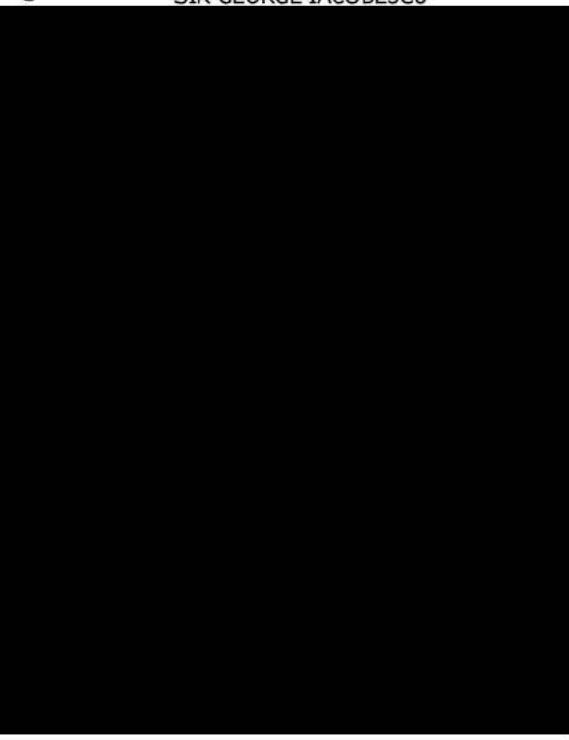
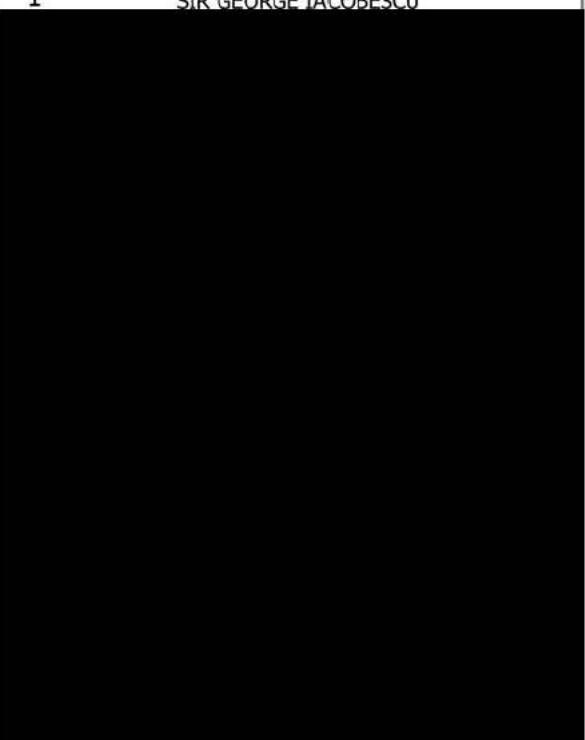
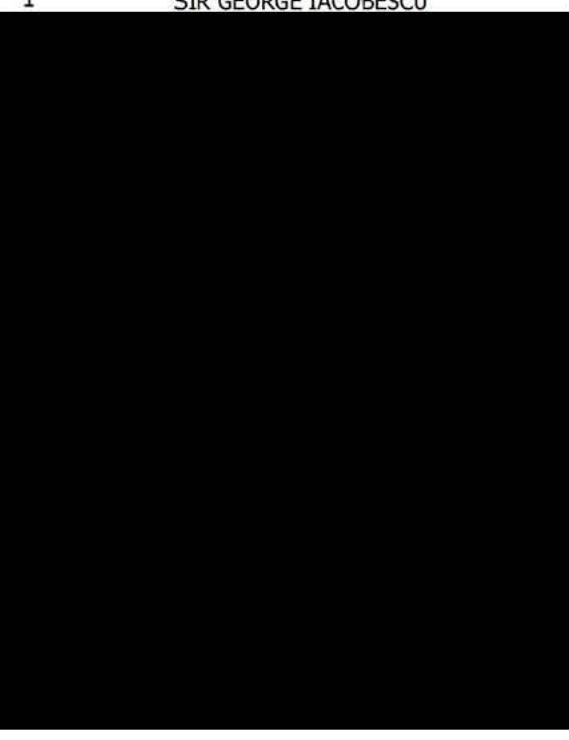
<p style="text-align: right;">50</p> <p>1 SIR GEORGE IACOBESCU 2 point. 3 Q. Okay. Do you know whether the 4 discussions that you were having with JP Morgan 5 Chase concerning offering JP Morgan an interest in 6 the building or a sale of the building, whether 7 that predated the end of March? 8 A. I don't know exactly, but we knew 9 that -- can I add something to it? 10 Q. Sure. 11 A. We knew that Nomura's lease will 12 come to an end and Nomura will move out of the 13 building, because Nomura was a tenant for about 14 400,000 square feet. 15 Q. Is that 400,000 square feet? 16 A. Nomura, yes. But we knew that 17 their lease was -- we tried very, very hard to 18 make a deal with Nomura to stay there, but then we 19 realised that we were losing Nomura too, so we 20 contemplated an empty building. 21 Q. The effort to retain Nomura, did 22 you realise that that was not going to succeed 23 before or after LBL stopped paying rent at the end 24 of March 2010? 25 A. We tried -- we pretty much knew --</p>	<p style="text-align: right;">52</p> <p>1 SIR GEORGE IACOBESCU 2 Nomura came and offered that they would cover the 3 rent. They would pay rent to us until they exit 4 the building on September 30th. And their 5 requirement was that they will pay the rent but 6 they would ask us to go against LBL and the money 7 that we paid Nomura was a refund of the delta of 8 payments at the end of their stay, which was 9 September 30th. 10 Q. What do you mean by "delta"? 11 A. Because Nomura paid an amount of 12 money and LBL paid a little bit of money by March, 13 so we netted off what Nomura has overpaid. 14 Q. I am not following what the source 15 of the overpayment was, overpaid on what? 16 A. There was an overpayment between 17 LBL and Nomura and we had no -- obviously, we 18 shouldn't get more rent than the building should 19 produce. 20 Q. I see. So between what LBL paid 21 and what Nomura paid, Canary Wharf had been 22 overpaid by some amount? 23 A. In a way in a way. It was a 24 settlement with Nomura. It was a -- it wasn't 25 exactly a number but it was a settlement with</p>
<p style="text-align: right;">51</p> <p>1 SIR GEORGE IACOBESCU 2 I need to refresh my memory when did Nomura tell 3 us that they would be leaving. But we made huge 4 efforts, I cannot tell you how many meetings and 5 offers and inducements we offered to Nomura to 6 stay, but ultimately they got a much better deal 7 somewhere else and they decided to leave. 8 Q. Now, when -- was there some claim 9 that Nomura had against Canary Wharf connected 10 with the premises? 11 A. It was not a claim, it was an 12 accommodation. There were a lot of disagreements 13 between Nomura and LBL and Nomura were very 14 concerned that, once LBL stopped paying rent, they 15 have no locus in the building. Their agreement, 16 practically Nomura took place from LBL. Once LBL 17 were in default, Nomura had no right to be in the 18 building. 19 Q. I guess I have seen something in 20 the documents and I am just -- maybe you could 21 help me out. There was something about Canary 22 Wharf paying something in excess of £6.5 million 23 to Nomura and I'm just asking what was that in 24 connection with, to your recollection? 25 A. That is -- what Nomura has done,</p>	<p style="text-align: right;">53</p> <p>1 SIR GEORGE IACOBESCU 2 Nomura not oblige us to sue LBL. 3 (Exhibit 23 was marked for identification) 4 Q. We have marked, as exhibit 23, a 5 letter from Canary Wharf to JP Morgan Chase dated 6 5 March, 2010 Bates Stamp CW10412 to 18. Have you 7 ever seen this before, Mr. Iacobescu? 8 A. Yes, since I signed it, of course, 9 I have seen it. 10 Q. That is your signature on page 7? 11 A. Correct. 12 Q. What is this? 13 A. It's the correspondence with 14 JP Morgan where we made them available data about 15 the building on the Strand that we were pursuing 16 there for them to purchase a building. 17 Q. Does this refresh your recollection 18 that discussions concerning their interest in 19 acquiring 25 Bank street, which is the building 20 that we have been discussing that LBL was in some 21 time prior to March 5, 2010? 22 A. Correct, yes. 23 (Exhibit 24 was marked for identification) 24 Q. We have marked as exhibit 24 an 25 e-mail chain bearing Bates number CW19076 to 79.</p>

<p style="text-align: right;">90</p> <p>1 SIR GEORGE IACOBESCU 2 £30 million. 3 Q. Was it your agreement with LBL, 4 ultimately, that the administration expense claim 5 would be fixed at zero? 6 A. They paid an amount of about 7 1.5 million and we kept our claim as an unsecured 8 creditor. 9 THE COURT REPORTER: Credit or 10 creditor? 11 A. Creditor. 12 THE COURT REPORTER: Thank you. 13 BY MR. ISAKOFF: 14 Q. So in exchange for £1.5 million, 15 you agreed there would be no administration claim 16 against LBL? 17 A. Yes. 18 Q. But if you had not done that, you 19 had a £30 million unpaid rent claim as of 20 September 30th 2010, is that correct? 21 A. I think we have today about £20 22 million as unsecured creditor's claim. 23 Q. Okay but had you not settled the 24 administration expense claim for £1.5m, you would 25 have had an administration expense claim against</p>	<p style="text-align: right;">92</p> <p>1 SIR GEORGE IACOBESCU 2 settlement, which LBL said "No, we are not going 3 to agree to anything that's going to be zero if 4 you want your building. If not, you can wait." 5 That destroyed the attempt of having both the 6 agreement with LBHI and getting our building via 7 you surrender. 8 Q. Were there any three-way 9 negotiations in which a representatives of LBHI, 10 LBL and Canary Wharf were in the same negotiation 11 with respect to a three-way deal? 12 A. We did ask for it and we could 13 never achieve -- I am not informed but I assume 14 that there were lots of discussions between LBHI 15 and LBL but they never -- they wanted to meet all 16 three of us. 17 Q. Do you know whether there were any 18 such discussions? 19 A. Yes. 20 Q. What is it that you know? 21 A. We knew many times from Mike Jervis 22 when he told us, "I am going to New York tomorrow 23 to meet with LBHI." That's the extent that we 24 know. 25 (Exhibit 28 was marked for identification)</p>
<p style="text-align: right;">91</p> <p>1 SIR GEORGE IACOBESCU 2 LBL for approximately £30 million for unpaid rent 3 as of September 30th 2010, correct? 4 A. Approximately, yes. I do not know 5 exactly the number. 6 Q. All right. Were there any 7 negotiations following receipt of this draft 8 surrender agreement that's attached as part of 9 this exhibit concerning the terms of a surrender 10 agreement? 11 A. Probably, yes. Probably documents 12 travelled back and forth but the crux of it was on 13 30th September. 14 Q. But, in fact, there was no final 15 deal on a surrender, correct? 16 A. No. 17 Q. Why was that? 18 A. There was no final deal on the 19 surrender because somehow LBL and LBHI became 20 inter-linked and as I mentioned before, LBHI, 21 after we thought that we had an agreement, put a 22 series of conditions, which were not acceptable to 23 LBL. And the conditions specifically is that the, 24 call it £250 million settlement with 25 Daniel Ehrmann, has to be replicated in LBL</p>	<p style="text-align: right;">93</p> <p>1 SIR GEORGE IACOBESCU 2 Q. We have marked as exhibit 28 an 3 e-mail chain Bates stamped CW 480 to 83. It 4 starts at the bottom of page 482, with an e-mail 5 from Sarah Dawson to Katie Bradford dated 6 September 20, 2010. Do you see that, 7 Mr. Iacobescu? 8 A. Yes. 9 Q. Who is Katie Bradford, if you know? 10 A. She was one of the lawyers and 11 I assume she was one of the litigation lawyers at 12 Linklaters representing LBL. 13 Q. And Sarah Dawson was at Clifford 14 Chance representing Canary Wharf? 15 A. Correct. 16 Q. There is -- in her second paragraph 17 she says: "We understand that our clients have 18 been assured by Mike Jervis that any surrender 19 would be structured in such a way as to preserve 20 our client's claims against the US guarantor." 21 Do you see that? 22 A. Yes. 23 Q. Do you know what that reference is? 24 A. That reference is to discussions 25 that we had with Mike Jervis where we made it</p>

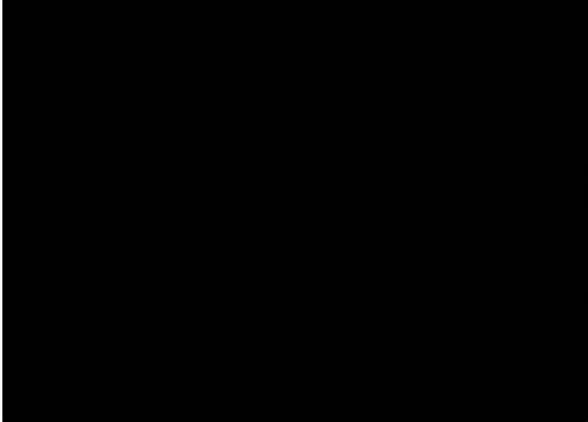
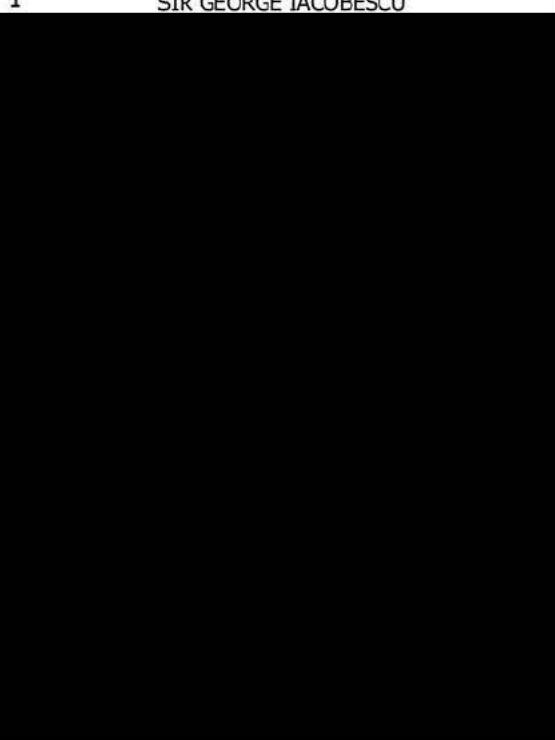
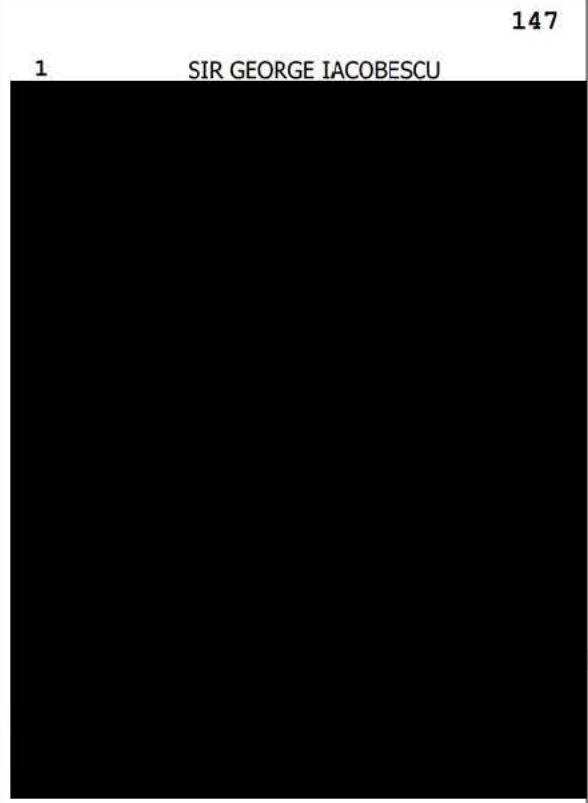
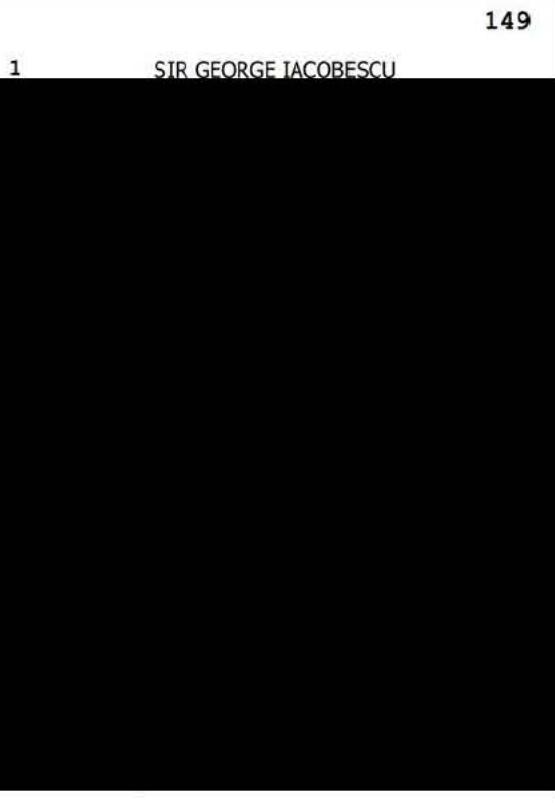
<p style="text-align: center;">110</p> <p>1 SIR GEORGE IACOBESCU 2 to obtain Bond Holder Consent to the Surrender by 3 end October." Did you ever get that consent? 4 A. I think yes. I cannot guarantee 5 that but I think yes, otherwise we could not do 6 it. 7 Q. It says: "...by end October (long 8 stop date end November)." What does that mean? 9 A. I am not sure in what context that 10 the was discussed, but ---- 11 Q. What does "long stop date" mean? 12 A. Long stop date, I mean, that was 13 all linked with LBL saying, "We are not going to 14 make any deal with you unless we know the agreed 15 claim with LBHI". That is what they mentioned as 16 one of the two sides' leverage. "We will not 17 agree a surrender with you unless we know exactly 18 the claim agreed with LBHI", which we didn't see 19 originally as linked, but suddenly they became 20 linked, they became inter-meshed. 21 Q. What does the linkage between the 22 claims against LBL and LBHI have to do with 23 obtaining bond holder consent that you reference 24 here in paragraph ---- 25 A. Nothing to do with that ----</p>	<p style="text-align: center;">112</p> <p>1 SIR GEORGE IACOBESCU 2 the term "long stop date" means, in your parlance? 3 A. I think it is purely, purely to 4 reflect the date which both parties have given to 5 come up with an agreement. 6 Q. Is it a commitment by which, if it 7 is not accomplished, the agreement is off? 8 A. Could be. It could be. I do not 9 know exactly. I don't know if the words here are 10 purely the result of saying -- of LBL saying, "We 11 need to resolve it", i.e. they were very anxious 12 to do a surrender but they were very anxious to do 13 a surrender only in the knowledge of what the LBHI 14 settlement is and that there is a bond holder 15 agreement. 16 Q. Okay. In paragraph 4 it says: "We 17 agree that our claim in the administration will be 18 £0 and that we shall make no claim in respect of 19 the period post 30 September 2010." What does 20 that mean? 21 A. I think exactly what it says. 22 That, as an administration expense, we will not 23 claim against LBL and, as I mentioned, we kept our 24 claim as an unsecured claim, and we will make no 25 claim after that period against LBL.</p>
<p style="text-align: center;">111</p> <p>1 SIR GEORGE IACOBESCU 2 MR. TULCHIN: George, do me a 3 favour. The questioner had not finished his 4 question when you started talking. Let's try to 5 keep the questions and answers separate. It will 6 make for a better transcript. 7 A. Okay. 8 BY MR. ISAKOFF: 9 Q. What does "long stop date" mean, as 10 you use it here in paragraph 2? 11 A. It is probably the date, the 12 maximum date, that we would allow to agree the 13 claim with Alvarez & Marsal. 14 Q. What does bond holder consent have 15 to do with the claim with Alvarez & Marsal? 16 A. No, they are not linked in any form 17 or shape. 18 Q. I am talking solely about paragraph 19 2 here, where it says: "We will work to obtain 20 Bond Holder Consent to the Surrender by end 21 October ..." 22 A. Okay. 23 Q. "...(long stop date end November)." 24 A. I am sorry. 25 Q. "I am trying to understand what</p>	<p style="text-align: center;">113</p> <p>1 SIR GEORGE IACOBESCU 2 Q. If you would make no claim in that 3 period for past September 30 against LBL, would 4 that not preclude a claim in the range of 5 £250 million against LBL? 6 A. Number one, that was our position 7 here. Then, in the discussions with LBHI, that 8 was the condition that was imposed by LBHI. It 9 was not the condition created by us. 10 Q. Okay. 11 A. The 250 million could have been a 12 surrender premium and in -- probably it was 13 somehow irrelevant to LBL because they had no 14 money. 15 Q. But, as I understand what you have 16 written here, you are telling LBL that you will 17 make no claim of anything like £250 million, but 18 that only came up later because of what LBHI was 19 telling you it wanted? 20 A. Correct. At this point we had no 21 idea that LBHI would impose that conditions. If 22 we knew that, that would not be here, that was 23 based on information we had at the time from LBHI. 24 Q. Okay. The next paragraph says: 25 "Canary Wharf will contribute £5m towards a</p>

126	128
<p>1 SIR GEORGE IACOBESCU</p> <p>2 Q. Just -- so this is a 1 million</p> <p>3 square feet this 25 Bank Street?</p> <p>4 A. 1 million 40, yes.</p> <p>5 Q. How many floors?</p> <p>6 A. 31 floors.</p> <p>7 Q. About 35,000 square feet per floor?</p> <p>8 A. Actually, the floors at the base</p> <p>9 are -- you have eight or nine floors of 70,000</p> <p>10 square feet. I should have brought you a picture</p> <p>11 to see, but the fact is that we built the trading</p> <p>12 floors over a running train, over you probably</p> <p>13 know what the DLR is, we built it over the DLR</p> <p>14 with the DLR running, in order to satisfy the</p> <p>15 customer requirement. These are the biggest</p> <p>16 trading floors in London, so that tells you a</p> <p>17 little bit why you want a single tenant and, by a</p> <p>18 miracle in a way, JP Morgan looked for that size,</p> <p>19 because there is no other tenant.</p> <p>20 Q. The next paragraph says ----</p> <p>21 A. Except of course LBHI -- I am</p> <p>22 sorry.</p> <p>23 Q. Jokes don't come through on the</p> <p>24 record, you know.</p> <p>25 A. Okay.</p>	<p>1 SIR GEORGE IACOBESCU</p> 
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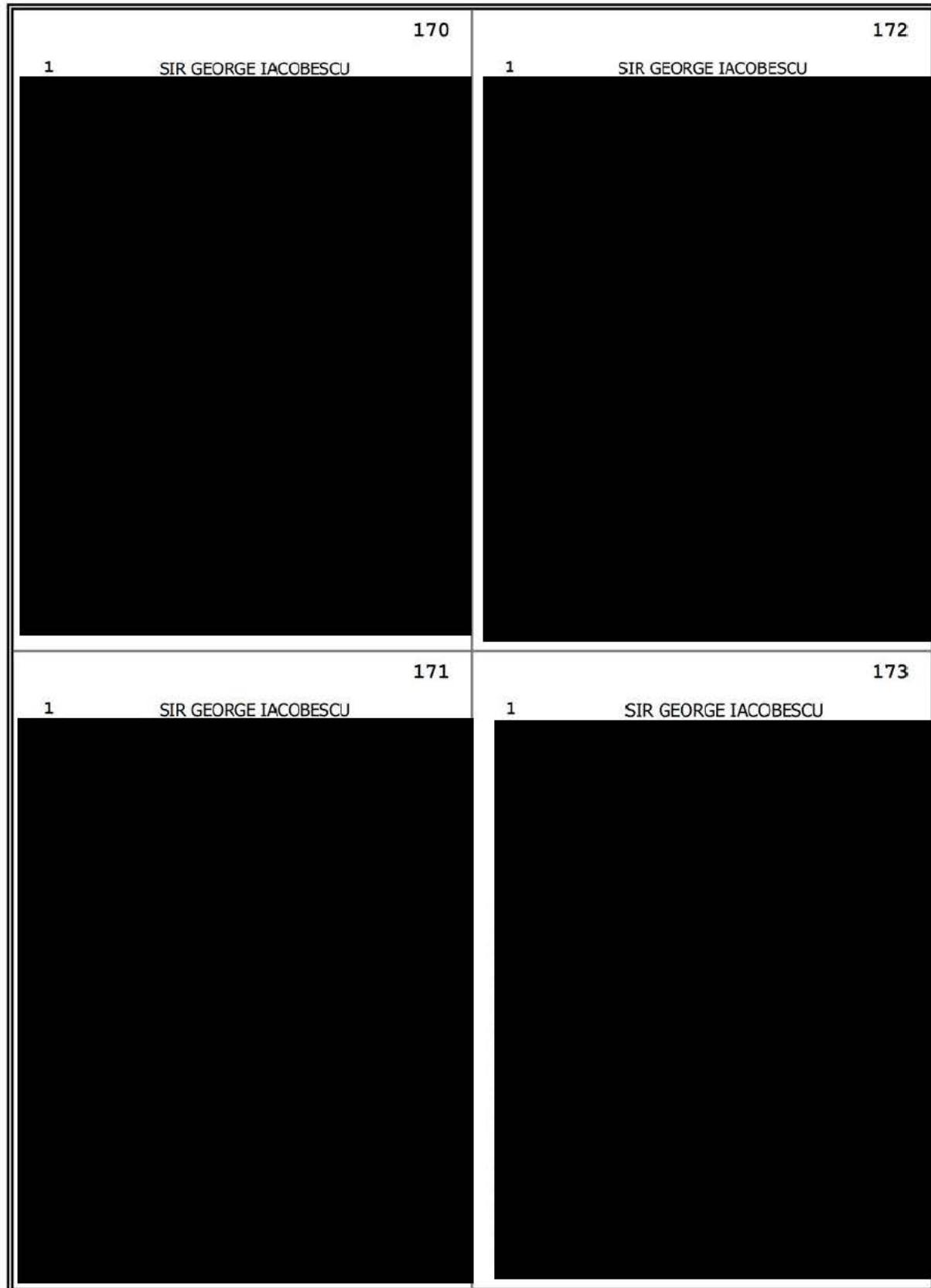
33 (Pages 126 to 129)

142	144
1 SIR GEORGE IACOBESCU 2 not know the date. 3 Q. Of 2010? 4 A. Yes. 5 Q. Before the forfeiture letter that 6 we looked at earlier, of December 3? 7 A. I don't know exactly but I am sure 8 there are papers. 	1 SIR GEORGE IACOBESCU 
143	145
1 SIR GEORGE IACOBESCU 	1 SIR GEORGE IACOBESCU 

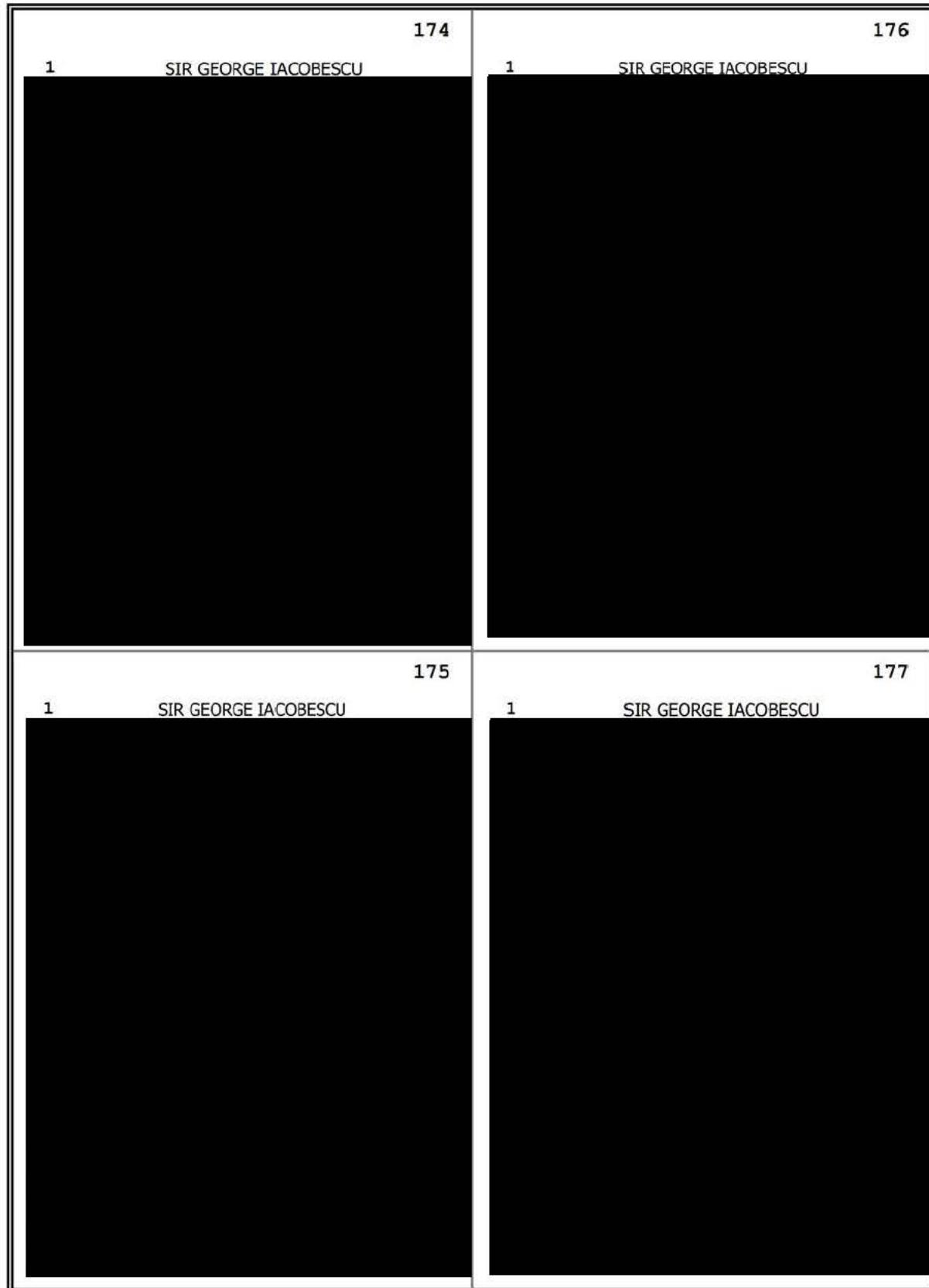
37 (Pages 142 to 145)

<p>1 SIR GEORGE IACOBESCU 2 I meant pounds. Sorry. 3 BY MR. ISAKOFF: 4 Q. £100 million is more than \$100 5 million? 6 A. It is about twice, 55 today. 7 Q. Do you know what it was back in 8 October 2010? 9 A. No, but I think the rate of 10 exchange we used in everything was 1.6 or 11 something, I think so.</p> 	146	<p>1 SIR GEORGE IACOBESCU</p> 	148
	147		149

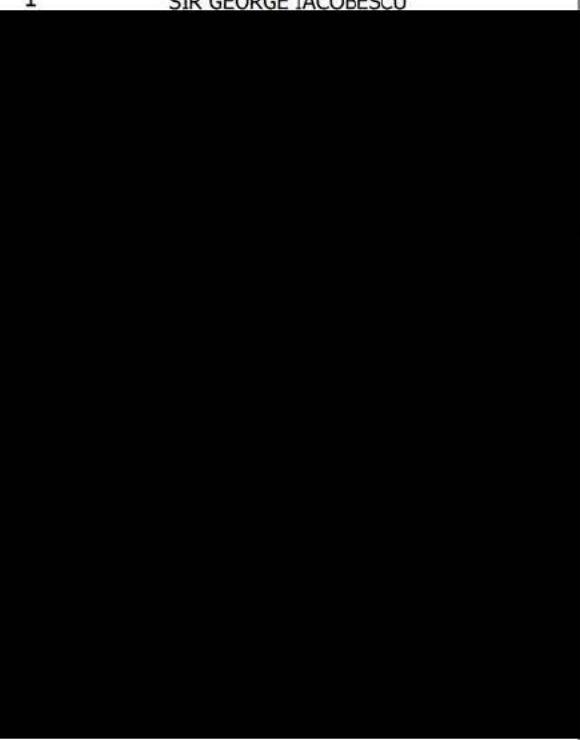
38 (Pages 146 to 149)



44 (Pages 170 to 173)



45 (Pages 174 to 177)

<p style="text-align: right;">190</p> <p>1 SIR GEORGE IACOBESCU</p> 	<p style="text-align: right;">192</p> <p>1 SIR GEORGE IACOBESCU</p> <p>2 A. Absolutely not. We went back and</p> <p>3 we put it in based on the stip from LBHI, at which</p> <p>4 point LBL said, "Absolutely not, you want the</p> <p>5 asset, it is zero", so that is the conundrum for</p> <p>6 us.</p> <p>7 Q. When you tendered this, when you,</p> <p>8 meaning Canary Wharf, tendered this to LBL you</p> <p>9 knew that it was unacceptable, correct?</p> <p>10 A. Not 100%. Not 100%, because they</p> <p>11 said that they are comfortable with a claim of</p> <p>12 250 million. But then we thought that if they are</p> <p>13 comfortable with a claim for 250 million against</p> <p>14 LBHI they will be comfortable with a repeat of the</p> <p>15 same claim in that document and obviously they</p> <p>16 said, "No, absolutely not".</p> <p>17 Q. But you knew at the time -- you,</p> <p>18 Canary Wharf, knew at the time that this draft was</p> <p>19 sent to LBL and its administrators for its</p> <p>20 consideration, that this was not likely to be</p> <p>21 accepted by LBL, correct?</p> <p>22 A. It was not likely but we figured</p> <p>23 that for the sake of achieving the settlement they</p> <p>24 would agree to it. Obviously which they did not,</p> <p>25 and we have done that as a result of the LBHI</p>
<p style="text-align: right;">191</p> <p>1 SIR GEORGE IACOBESCU</p> <p>2 [REDACTED]</p> <p>3 (Exhibit 34 was marked for identification)</p> <p>4 Q. We have marked as exhibit 34 an</p> <p>5 e-mail with attachment, Bates stamped CW 775 to</p> <p>6 806. Mr. Iacobescu, have you seen this before?</p> <p>7 A. I have not seen it in that form but</p> <p>8 I am fully aware of it.</p> <p>9 Q. You have not seen this document</p> <p>10 before?</p> <p>11 A. No, but I am aware of it. I would</p> <p>12 have been aware of that at the time.</p> <p>13 Q. Okay. Sarah Dawson is a lawyer at</p> <p>14 Clifford Chance representing Canary Wharf?</p> <p>15 A. Yes.</p> <p>16 Q. She is writing to Beatrice Taylor,</p> <p>17 who is a lawyer at Linklaters representing the</p> <p>18 administrators and LBL, right?</p> <p>19 A. Yes.</p> <p>20 Q. She is tendering a deed that calls</p> <p>21 for LBL and its administrators to acknowledge a</p> <p>22 valid claim of Canary Wharf against LBL of</p> <p>23 £262.5 million, correct?</p> <p>24 A. Correct.</p> <p>25 Q. Was that acceptable to LBL?</p>	<p style="text-align: right;">193</p> <p>1 SIR GEORGE IACOBESCU</p> <p>2 request.</p> <p>3 Q. You told LBHI that you had sent</p> <p>4 draft surrender documentation to LBL's</p> <p>5 administrators that included an acknowledgment of</p> <p>6 a claim against LBL for £262.5 million, correct?</p> <p>7 A. After we received the stipulation</p> <p>8 I assumed.</p> <p>9 Q. You told them that right after</p> <p>10 Ms. Dawson sent this draft deed to Beatrice</p> <p>11 Taylor, correct, right after?</p> <p>12 A. I am not sure what you are asking</p> <p>13 me and I am not sure of the ----</p> <p>14 (Exhibit 35 was marked for identification)</p> <p>15 Q. We have marked as exhibit 35 CW</p> <p>16 11679 to 80. It is some e-mails which you are</p> <p>17 shown, Mr. Iacobescu. Do you see that?</p> <p>18 A. Yes.</p> <p>19 Q. If you will look at the bottom</p> <p>20 e-mail on the first page from Pamela Kendall to</p> <p>21 Dan Ehrmann, copying you and others, this is sent</p> <p>22 at 2.17 p.m. ----</p> <p>23 A. Yes.</p> <p>24 Q. -- New York time?</p> <p>25 A. Yes.</p>

<p style="text-align: right;">238</p> <p>1 SIR GEORGE IACOBESCU 2 Canary Wharf? 3 A. I think it does, yes. 4 MR. TULCHIN: Well, make sure you 5 look. 6 A. Yes. 7 BY MR. ISAKOFF: 8 Q. Okay, and it has it in a number of 9 different places, correct? 10 A. Yes. 11 Q. Would you turn please to page 35 of 12 the document, Bates stamped CW 5319. If you look 13 towards the bottom of that page, 11.3.2, it says: 14 "The Seller" and the seller is Canary Wharf, 15 correct? 16 A. Yes. 17 Q. "...hereby warrants that no notice 18 or demand has been served on or given to LBHI 19 pursuant paragraph 7(a) of Schedule 4 to the 20 Lehman Lease." Do you see that? 21 A. Yes. 22 Q. Was that warranty true at the time? 23 A. I believe so. 24 MR. ISAKOFF: All right, I have no 25 further questions.</p>	<p style="text-align: right;">240</p> <p>1 SIR GEORGE IACOBESCU 2 top company, as I mentioned to Mr. Isakoff. We 3 always asked for the top company in any 4 transaction that we do. We have done the same 5 thing with Credit Suisse, or Morgan Stanley, or 6 CitiGroup, except the world headquarters of banks 7 like Barclays, where the parent company is on the 8 lease, but we always ask for an indemnity, because 9 the need is to have an uninterrupted cash flow 10 regardless of anything that goes wrong with the 11 tenant. 12 Q. I am sorry, with whom? You said, 13 "Regardless of anything that goes wrong with..." 14 A. With the tenant. 15 Q. Okay. I didn't hear you. 16 A. We were aware of the Lehmans 17 problems in 1998 with the Asian crisis, with the 18 Russian crisis, so we were a little bit 19 circumspect but it was a very, very good tenant, 20 exceptionally good tenant, and we would not have 21 entered into any, any lease agreement unless we 22 had the parent company indemnity, that they would 23 come through with. And, by the way, I do not 24 recall at any point when anybody in LBHI, be it 25 LBL or LBHI have objected to the meaning of what</p>
<p style="text-align: right;">239</p> <p>1 SIR GEORGE IACOBESCU 2 REDIRECT BY MR. TULCHIN 3 By MR. TULCHIN: 4 Q. Mr. Iacobescu, I am going to have a 5 few questions. 6 A. Yes. 7 Q. Going back to the time when the 8 lease was entered into, the lease with LBL, what 9 did you understand, as the CEO of Canary Wharf, 10 that LBHI had agreed to do in connection with the 11 obligations of LBL in the lease? 12 MR. ISAKOFF: Objection. Calls for 13 legal conclusion. 14 BY MR. TULCHIN: 15 Q. You can go ahead and answer. 16 A. What I asked from day one, from the 17 first day that we started negotiating the deal 18 with Jeremy Isaac, who is the chief executive of 19 LBL, Frank Bartolotta, who was LBHI, and Mark 20 Marcucci, who is the global head of real estate, 21 is that we should have an absolute solid 22 guarantee, come hell or high water, that the rent 23 will flow over the next 30 years and, as a matter 24 of fact, we always thought that we are dealing 25 with LBHI. We needed -- we always asked for the</p>	<p style="text-align: right;">241</p> <p>1 SIR GEORGE IACOBESCU 2 we asked for, of the indemnity. 3 Q. And you understand when the deal 4 was done that you had obtained what you were 5 seeking? 6 MR. ISAKOFF: Objection. Leading 7 and calls for a legal conclusion. 8 A. My understanding is that this is 9 what we asked, this is what we got and, as an 10 additional thing, one of the reasons that we were 11 very strict on this requirements is that because 12 the building also had to be in the securitization, 13 and a 30 years lease in the securitization, when 14 we put Lehman in the securitization, the income 15 from Lehman was matched against bonds that would 16 expire in 2033, so we would not match bonds with 17 something that we didn't think was rock solid. 18 BY MR. TULCHIN: 19 Q. I want to ask you, Mr. Iacobescu 20 please, to cast your attention to September 30th 21 2010 and you recall giving some testimony about 22 the events of that day? 23 A. Yes. 24 Q. Okay. What consequences would 25 there be, as far as you understood, for the</p>

<p style="text-align: center;">246</p> <p>1 SIR GEORGE IACOBESCU</p> <p>2 A. It says very clear that: "All</p> <p>3 these points ... will become effective on</p> <p>4 completion of surrender."</p> <p>5 Q. Now, Mr. Iacobescu, a couple of</p> <p>6 questions if I may, about the economics of what</p> <p>7 happened in 2010. There came a point when LBL</p> <p>8 stopped paying rent; is that right?</p> <p>9 A. Correct.</p> <p>10 Q. What is your recollection as to</p> <p>11 when that was?</p> <p>12 A. End of March 2010.</p> <p>13 Q. As of that time, roughly speaking,</p> <p>14 how many years were left on the LBL lease?</p> <p>15 A. 23 years.</p> <p>16 Q. What was LBL's total obligation to</p> <p>17 pay rent and other charges for the duration, the</p> <p>18 unexpired portion of the lease?</p> <p>19 MR. ISAKOFF: Object to form.</p> <p>20 BY MR. TULCHIN:</p> <p>21 Q. Approximately?</p> <p>22 MR. ISAKOFF: The same objection.</p> <p>23 A. I cannot do the calculation</p> <p>24 mentally, because it is all a matter of the rate</p> <p>25 of discount, but the value of if building in 2010</p>	<p style="text-align: center;">248</p> <p>1 SIR GEORGE IACOBESCU</p> <p>2 December 20th 2010?</p> <p>3 MR. ISAKOFF: I am going to object</p> <p>4 on the ground that this goes beyond the scope of</p> <p>5 discovery in terms of damages, but go ahead, but</p> <p>6 I object.</p> <p>7 A. I think it is simple arithmetics,</p> <p>8 the value of the building. The building was</p> <p>9 valued in our books, which is very important, in</p> <p>10 our books, in 2007/2008 at 900 million and that</p> <p>11 valuation was based on the rent payable at the</p> <p>12 time. Using the same valuation in 2010 would be</p> <p>13 the £1 billion 50. The recovery, or the part</p> <p>14 mitigation -- and I think we have done exactly</p> <p>15 what we were supposed to do. This is a what a</p> <p>16 responsible company, keeping, looking at our</p> <p>17 duties to shareholders and to the bond holders, we</p> <p>18 mitigated as much as we could. And the sale,</p> <p>19 depending what figures you want to take, if you</p> <p>20 want to take the 2010 figures, the sale left us</p> <p>21 with over 550 million short, £550 million short.</p> <p>22 MR. TULCHIN: Can I ask the Court</p> <p>23 Reporter please to mark as exhibit 42 a one page</p> <p>24 document which is a photocopy of a page from a</p> <p>25 paper.</p>
<p style="text-align: center;">247</p> <p>1 SIR GEORGE IACOBESCU</p> <p>2 the value of the rent was 57.5 million. That is</p> <p>3 the value contracted 57.5 million. At a 5.5%</p> <p>4 yield that would be about £1 billion 50 in pounds</p> <p>5 or \$1.6 billion in dollars.</p> <p>6 BY MR. TULCHIN:</p> <p>7 Q. And is that meant to reflect the</p> <p>8 present value of the stream of income?</p> <p>9 A. That would be ----</p> <p>10 MR. ISAKOFF: Object to form and</p> <p>11 leading.</p> <p>12 A. That would be the yield that the</p> <p>13 building would be valued in the company's books</p> <p>14 and that would be the yield -- a very conservative</p> <p>15 yield that the building could be sold on that date</p> <p>16 to an investor, because it was probably the best</p> <p>17 -- I mean the most valuable leases are the leases</p> <p>18 with a fixed or an RPI increase, and that is</p> <p>19 exactly what we had there for the first ten years.</p> <p>20 BY MR. TULCHIN:</p> <p>21 Q. To borrow a page from the book that</p> <p>22 was used on direct examination, let me ask you,</p> <p>23 how does that number of £1 billion 50 million</p> <p>24 compare to the proceeds of the transaction that</p> <p>25 you entered into with JP Morgan on or about</p>	<p style="text-align: center;">249</p> <p>1 SIR GEORGE IACOBESCU</p> <p>2 (Exhibit 42 was marked for identification)</p> <p>3 Q. Mr. Iacobescu take a moment if you</p> <p>4 will and, when you are ready, just tell me whether</p> <p>5 you recall ever seeing this before?</p> <p>6 A. I probably did in the Financial</p> <p>7 Times at the time, yes. I would be alerted because</p> <p>8 it was something that would breach our</p> <p>9 confidentiality, and the first thought would be to</p> <p>10 make sure that it does not come from anybody in</p> <p>11 Canary Wharf.</p> <p>12 Q. Do you recall that this article on</p> <p>13 exhibit 42 about JP Morgan appeared in the</p> <p>14 Financial Times on Wednesday, November 24, 2010?</p> <p>15 A. Yes, that is.</p> <p>16 MR. TULCHIN: I have no other</p> <p>17 questions at this time.</p> <p>18 A. Thank you.</p> <p>19 MR. ISAKOFF: I have a few.</p> <p>20 FURTHER DIRECT QUESTIONS BY MR. ISAKOFF</p> <p>21 BY MR. ISAKOFF:</p> <p>22 Q. You were asked about what your</p> <p>23 understanding about what LBHI agreed to do, in</p>